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Brightman Almagor Zohar

Business Opportunity:

Israel-Turkey Natural Gas Project

- DRAFT -

ADK Group

June 2014

- Confidential-

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Introduction

ADK Group is an Israeli-Turkish consortium aiming to develop an undersea pipeline to transport gas from Israel's Leviathan gas field to Turkey

- Turkey's booming economy means energy demand and consumption is on the rise.
- Turkey currently imports 98 percent of its natural gas mainly from Russia, Iran and Azerbaijan and has an ambition to become a regional gas hub.
- Israeli gas would be an inexpensive way to further diversify Turkey's source markets
- ADK group plans to build 2 parallel 500 km undersea gas pipelines with the capacity of 8 BCM each
- Based on the current project schedule, the first gas is expected to be transmitted to Turkey in 2018.
- The consortium would sell the first 8 BCM to a group of Turkish companies who in return would guarantee the laying of the pipeline.
- The remaining 8 BCM would be sold to Europe via Trans-Anatolian gas pipeline.

The purpose of this presentation is to show that the ADK group is the ultimate partner for Noble Energy/Delek Group to bring Leviathan's gas to Turkey.

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The ADK Group

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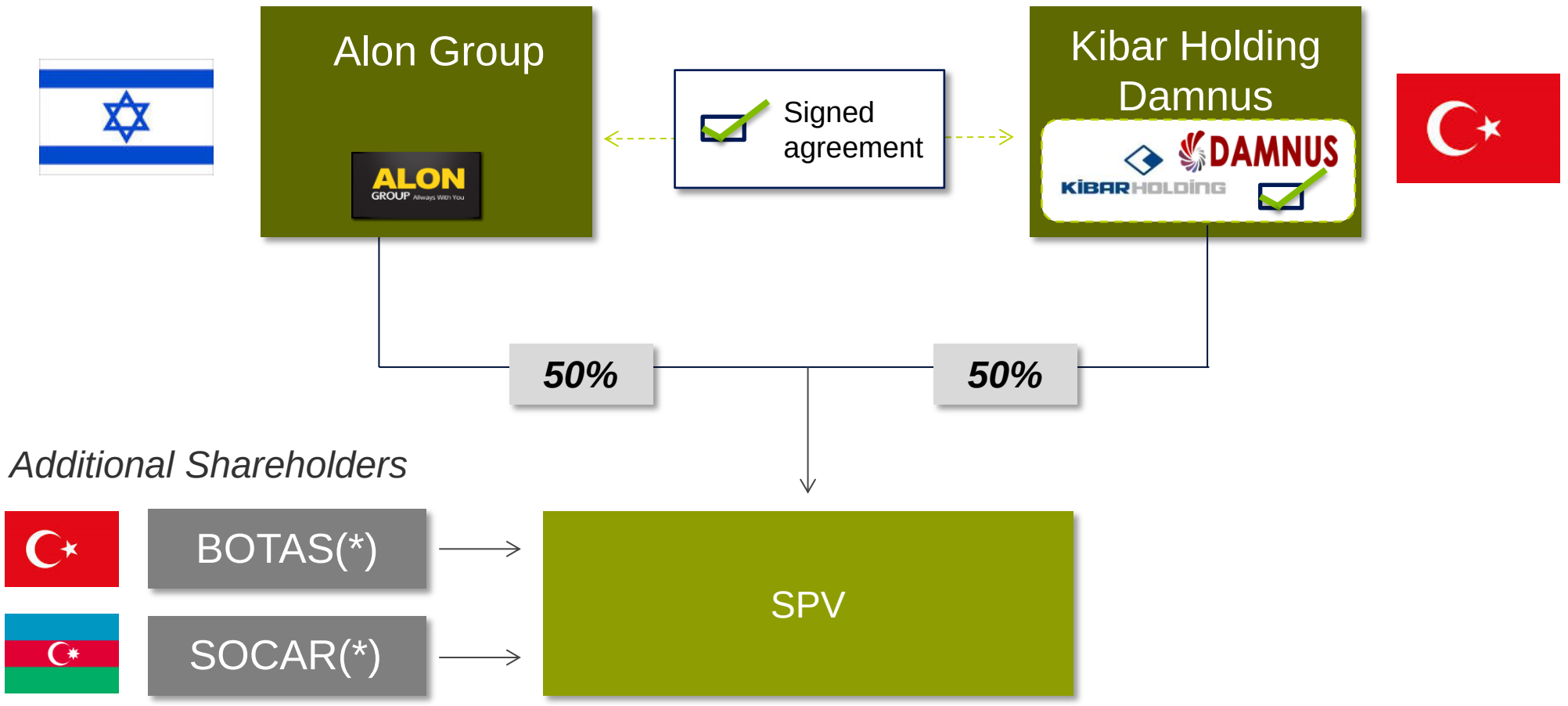
ADK Group



(*) Subject to Turkish government clearance

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Alon Group Ltd.

- Established: 1989
- Shareholders:
- Employees:
- Revenue:
- www.alon.co.il

Automobiles Importer

TEMSA, KARSAN, FOTON, PIAGGIO COMMERCIAL VEHICLES, HINO TRUCKS (A Toyota Group Company)

Real Estate

- Ahuzat Ha Nasie Project
- Gurion Project in Revivim
- Other Projects in Europe and Israel

International Trade

IMER GROUP, SABANCI HOLDİNG, Kombassan, CHENGGONG

Investments abroad: Hi-Tech (start-ups)

PIXmania, DEEZER

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Kibar Holding

Kibar Holding A.S., one of the largest Turkish holding groups, operates through its subsidiaries in energy, metal, technology, automotive, logistics, construction, trade and service, and food businesses.

- Ownership: Private
- Employees:7,000
- Revenue: $5 billion (est.)
- www.kibar.com

Mr. Ali Kibar, Chairman

Mr. Tamer Saka, CEO

Kibar Holding

- Metal
  - Assan Alüminyum
  - Posco Assan
  - Assan Demir ve Sac Sanayi
- Automotive
  - Assanhanil
  - Hyundai Assan
  - TSI Aviation Seats
- Construction
  - Assan Panel
  - Kibar Industry
  - Assan Yapi
  - Assan Gayrimenkul
- Food & Packaging
  - İspak
  - Assan Foods
  - Ege Assan Foods
- Trade
  - Kibar Enerji
  - Kibar Dış Ticaret
  - Bareks Dış Ticaret A.Ş.
  - Kibar International
- Service
  - Assan Port
  - Assan Lojistik ve Filo Kiralama
  - Sicpa Assan
  - Assan Bilişim
  - Kibar Sigorta

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Kibar Energy Distribution Industry Inc.

Kibar Energy is an energy arm of Kibar Holding

Kibar Energy was established under Kibar Holding in order to import and sell natural gas in Turkish Energy Market. Kibar Energy undertook 1BCM natural gas purchase-sale contract in 2012 under the scope of West Line Contract Transfer and as of January 1, 2013, it was granted the right to import and the wholesale of Natural Gas. Kibar Energy aims to be one of the leading players of liberalized Turkish energy market.

Kibar Energy's main objectives are: contributing to meeting natural gas need of the country by purchasing natural gas nationally and/or internationally; taking part according to the interests of country in natural gas market formation; performing necessary activities to store natural gas; evaluating security of supply and source variety opportunities in Turkish Energy Market; taking necessary actions in performing new business and investment opportunities.

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Damnus Energy & Investment

Damnus Energy and Investment has a large portfolio of customers due to the Chairman of Damnus' role as top executive in oil and gas sector

Nusret Comert is the Chairman of Damnus Energy & Investment. He has been in the upstream, midstream and downstream of energy industry for 30 years. He had been supporting Royal Dutch Shell's activities in the region for developing upstream oil and gas positions and additional gas supplies for Turkey and Europe. Comert has led the natural gas sector's liberalization process in Turkey and is the founder and Chairman of the Board of Directors of Shell Energy A.S., the first private company importing and trading natural gas in Turkey. He has also led Shell's entry in deep water exploration in the Mediterranean and West Black Sea as well as Shale Oil and Shale Gas exploration in South East Turkey in partnership with TPAO, the national upstream company. In Shell, Comert was an Exploration Leadership Team Member in Middle East and North Africa; a Gas and Power Leadership Team Member in South East Europe. Comert gained broad experience from the development of the Trans Caspian Gas Project, gas and power production, storage, LNG and distribution projects and initiated the Turkey-Greece Gas Pipeline Project, currently supplying gas to Greece via Turkey.

Comert has been an Independent Board Member of Akfen Holding A.S. and Borusan Mannesmann and Honorary Consul of the Republic of Trinidad & Tobago to Istanbul and overall Turkey.

Comert holds a BS degree (Mechanical Engineering) which was completed in Istanbul University Business School. He is a Senior Advanced Leadership Fellow at Harvard University and an IMD Business School Alumni. Comert is an active member of TUSIAD, the Turkish Industrialists and Businessmen's Association, holding appointments in the Parliamentary Affairs & Political Reforms Committee and International Politics & Country Communication Committee and is the Deputy Chairman of the Energy Group. He is a former Chairman of the Board of Directors of PETFORM, the Petroleum Platform Association for three terms, and Founding Member of the Board of Trustees and Deputy Chairman of ENIVA, Energy and Climate Change Foundation. He is a frequent speaker at conferences and forums and is often interviewed by press on the topics of energy and leadership.

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BOTAŞ Petroleum Pipeline Corporation

BOTAS holds about 75% of the Turkish gas market and is therefore an indispensable partner.

BOTAŞ was originally established in 1974 for construction and operation of the Kirkuk-Ceyhan Oil Pipeline. Since 1987, BOTAŞ has been also involved in the natural gas transportation and trade activities. From 1990 until 2007, BOTAŞ had monopoly rights on natural gas import, distribution, sales and pricing.

In addition to the Kirkuk-Ceyhan Oil Pipeline, BOTAŞ owns and operates a number of crude oil pipelines. It also owns and operates the national gas grid of Turkey with total length of 4,500 km and Marmara Ereğlisi Liquefied Natural Gas (LNG) Import Terminal. Internationally BOTAŞ participates in the Baku-Tbilisi-Ceyhan pipeline, Arab Gas Pipeline section between Syria and Turkey, and Turkey-Greece pipeline. It is also partner in the Nabucco Pipeline project.

Headquarter	Ankara, Turkey
Foundation date	1974
Ownership	State owned
Website	www.BOTAS.gov.tr

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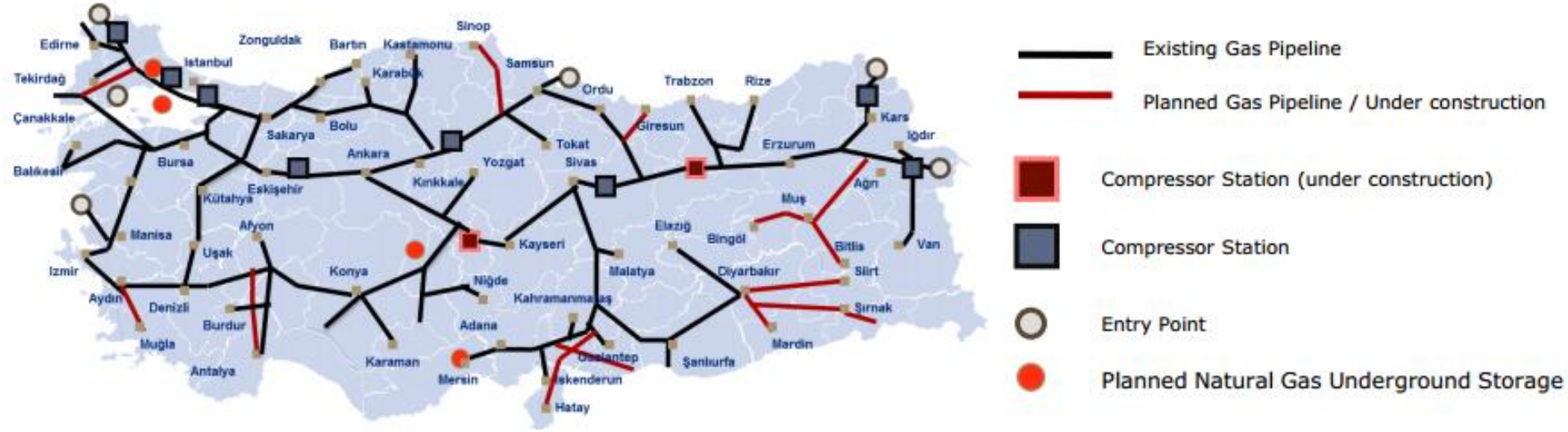
BOTAŞ Transportation System

BOTAS has a natural gas transportation system covering the whole of Turkey.

The National Transmission System is composed of high-pressure pipelines in aggregate of 13,000 km, 8 compressor stations (totaling 200 MW), 1 mobile compressor station, more than 300 Pressure Reduction and Metering Stations (Exit Points) directly connected to the high-pressure grid and 9 entry points, of which there are 4 foreign pipeline interconnections, 2 LNG Terminals, 2 local production sites and one underground storage facility.

Future investments in the transmission network are expected to be focused mainly on the construction of loop lines and the installation of new compressor stations to increase gas dispatch capacity.



Sources: Deloitte, BOTAS

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SOCAR

Company details

State Oil Company of Azerbaijan Republic (SOCAR) (Azerbaijani: *Azərbaycan Respublikası Dövlət Neft Şirkəti*) is the state-owned oil and natural gas corporation of Azerbaijan. It produces oil and natural gas, operates the country's two oil refineries and the running of oil and gas pipelines throughout the country. SOCAR oversees the international consortia that is developing new oil and gas projects in Azerbaijan. SOCAR also has several fuel filling stations under the SOCAR brand in Georgia, Ukraine, Romania and Switzerland.

SOCAR is the main shareholder of the **Trans-Anatolian gas pipeline** (**TANAP**) project proposing natural gas pipeline from Azerbaijan through Turkey to Europe.

Ownership	State owned
Revenue (2012)	USD 10.4 billion
Headquarter	Baku, Azerbaijan
Foundation date	1992
Number of employees	66,400
Website	http://new.SOCAR.az/SOCAR/az/home/

 Source: Capital IQ; Company website

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Trans-Anatolian gas pipeline (TANAP)

SOCAR and BOTAS are the main partners in TANAP consortium

The **Trans-Anatolian gas pipeline** (**TANAP**) is a proposed natural gas pipeline from Azerbaijan through Turkey to Europe which would transport gas from the second stage of the Shah Deniz gas field.

The pipeline will run from Georgian–Turkish border to Turkish European border. The pipeline is expected to cost US$7 billion. The construction is planned to start in 2014 and to be completed by 2018.

The planned capacity of the pipeline would be 16 BCM per year at initial stage and would be increased later up to 23 BCM by 2023, 31 BCM by 2026, and at the final stage 60 billion cubic BCM to be able to transport additional gas supplies from Azerbaijan.

SOCAR (80%), BOTAŞ (15%), and TPAO (5%) are the founding members of the consortium.

Source: TANAP

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The Project

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Project Milestones

	Year
Incorporate SPV for Israel-Turkey offshore pipeline	2014
Inter-governmental Agreement (IGA) between Israel and Turkey (*)	2015
Concept design and feasibility study	2014
Project planning and scheduling	2015
Capacity booking	2015
Gas Sales and Purchase Agreement (GSPA) between Delek/Noble and ADK Group	2015
Financing	H2 2015
Final investment decision (FID)	H2 2015 / H1 2016
International tender	2016
Construct the pipeline (1 year +)	H2 2016 / H1 2017 - 2018
First Gas transported	2018

(*) Assuming the licenses for gas export would be granted by the Israeli government in 2015

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Technical Highlights

- The consortium will build 2 parallel 500 km 16" (or 24”) deep water gas pipelines with the capacity of 8 BCM each (16 BCM in total) to transport Israel’s natural gas to Turkey.
- The first 8 BCM will be purchased by BOTAS and a number of additional companies and consumed in Turkey, while SOCAR will enable the additional 8 BCM to be transmitted and sold to Europe through Turkey via TANAP.
- The consortium brings vast experience in the Turkish oil and gas market, gas distribution and International midstream projects. The Israeli side would enhance this group by bringing a high caliber of oil and gas professionals.
- Following the feasibility study, ADK group will publish an international tender to select a vendor that will construct a pipe based on top industry standards.
- Kibar Holding already owns a port in Iskenderun Sariseki with an available land plot of ~80,000 sqm that would be used for building a coast facility. Alternatively, a facility could be built in Ceyhan or Mersin.

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Financial Highlights(*)

Per one pipe (8BCM)

CAPEX	2.5 B$
Annual OPEX	110 M$
Project Duration	25 years
Payback (years)	6-7 years
IRR	18-19%

Project Finance:

- There are many private equity funds and banks looking to go into the midstream as an attractive business opportunity.
- With Kibar as one of the major shareholders, ADK's Management estimates no difficulty in obtaining the required finance.
- Bringing BOTAS and SOCAR to the table either as investors or key business partners would significantly diversify the finance capabilities of the consortium.

(*) ADK's initial estimations

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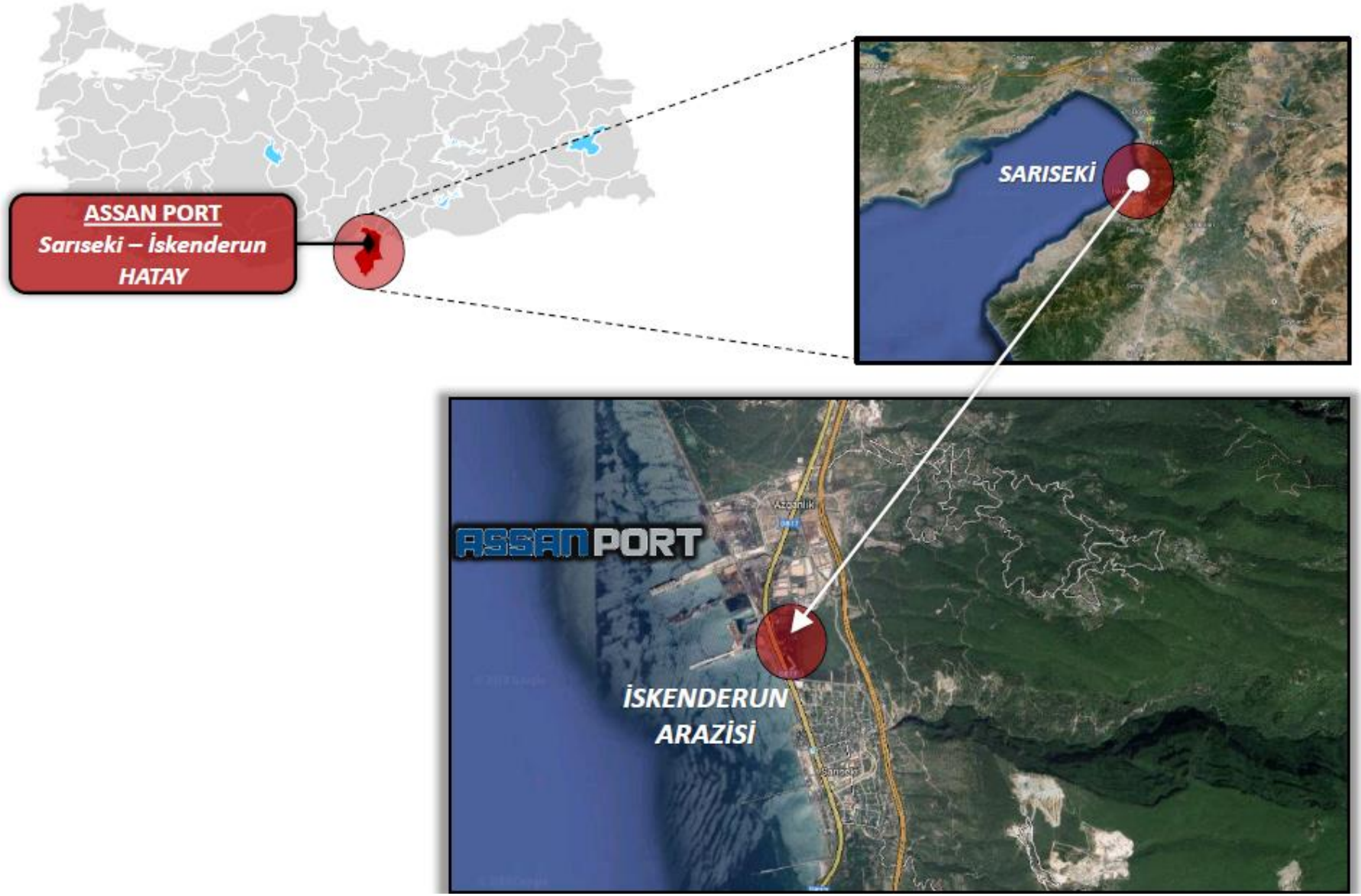
Land Plot

Kibar Holding owns a port in Iskenderun Sariseki with an available land plot of ~80,000 sqm.



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Gas Distribution

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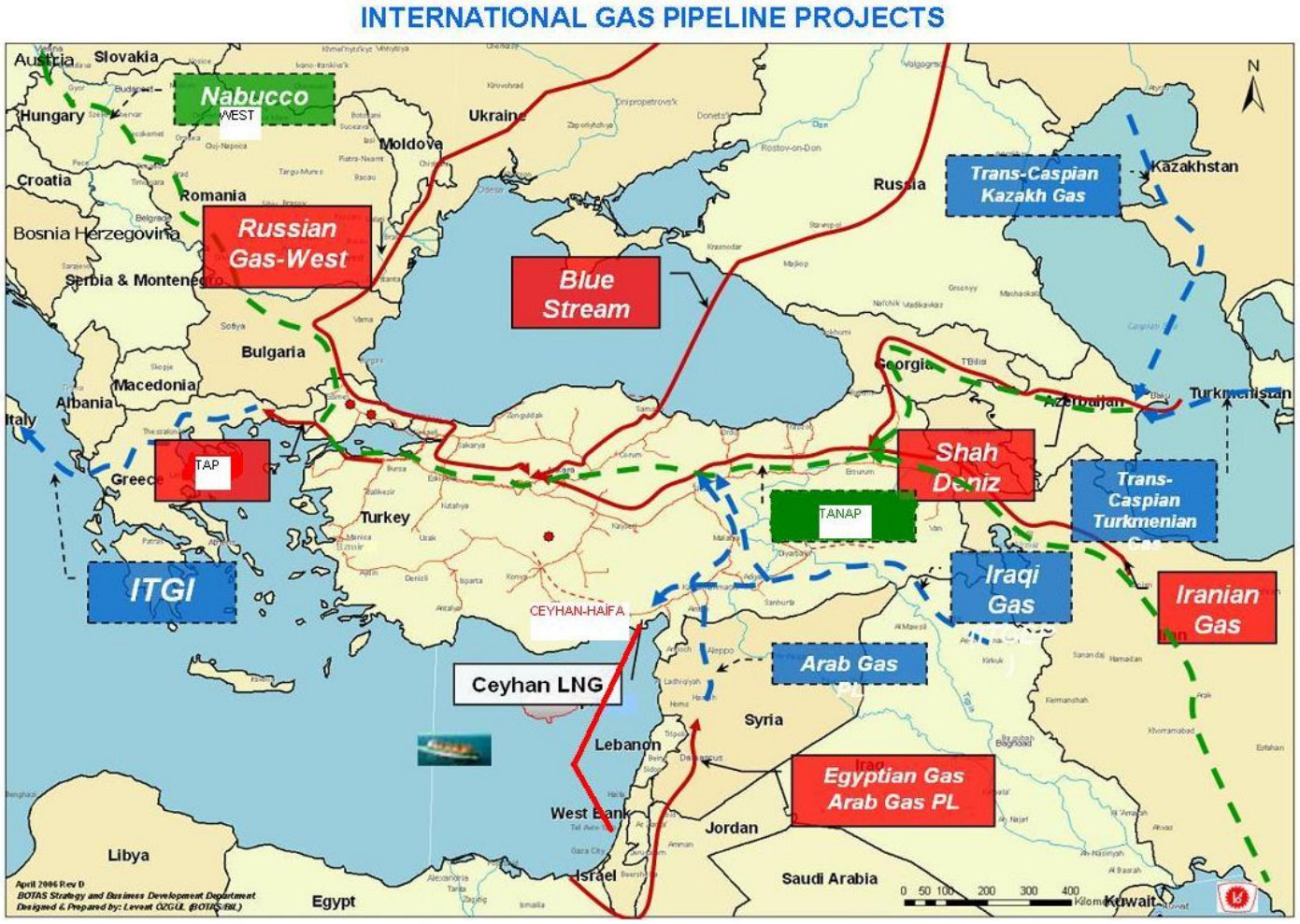
Turkey at a glance

With a Gross Domestic Product (GDP) of $786 billion, Turkey is the 17th largest economy in the world. In less than a decade, per capita income in the country has nearly tripled and now exceeds $10,000.



Population: ~76.67m
Real GDP growth: 3.7%

Source: Economist Intelligence Unit

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Turkey – Oil and Gas Market

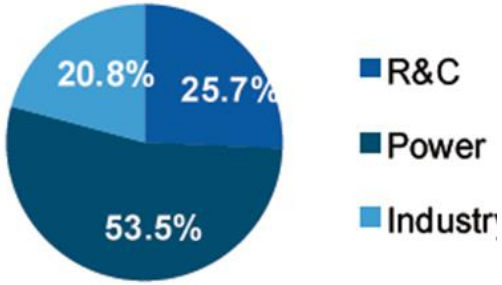
Turkey's importance in world energy markets is growing, both as a regional energy transit hub and as a growing consumer. Turkey's energy demand has increased rapidly over the past few years and will continue to grow in the future.

ECONOMIC INDICATORS

Natural gas consumption	51 BCM
Energy market demand	200 billion US$ (nominal)
Energy Consumption	>1,500 (kg oil equivalent per head)

- Distributed by municipality
- Tendered but no distribution yet
- Not tendered yet
- Currently has gas distribution

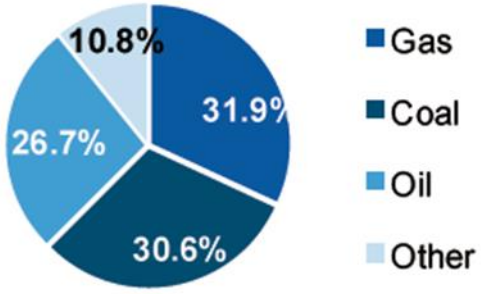
Natural Gas Consumption by sector



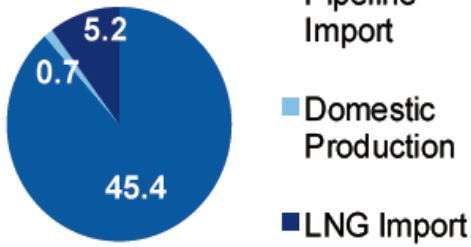
Natural Gas Sources by Importer Country

Country	Import (bcm)	Import (%)
Russia	30	59%
Iran	10	20%
Azerbaijan	6.6	11%
Other	5.2	10%
Total	50.6	100%

Energy Mix



Natural Gas Sources (bcm)



Sources: Economist Intelligence Unit; Oil and Gas Journal; ICIS Turkish Gas Market Report

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Turkish Natural Gas Dynamics

Turkey's booming economy keeps energy – and the demand for energy - at the top of its agenda.

- As a fast-growing country, energy consumption in Turkey is on the rise.
- Natural gas usage is spreading throughout the country as a result of successful greenfield investments in natural gas distribution coupled with privatizations support, increasing the use of natural gas in households, industry and for electricity generation.
- The Turkish electricity market is one of the fastest growing in the world, with approx. 9% annual growth. Natural gas demand is expected to increase with a CAGR of 2.9% until 2020 according to the Ministry of Energy and Resources.
- Turkey currently imports 98 percent of its natural gas mainly from Russia, Iran and Azerbaijan and Nigeria.
- Turkey aims to decrease its dependency on Russian gas given the political volatility.
- The geographical region surrounding Turkey contains 70% of world's oil and gas reserves. Turkey has a critical position between the supply-rich Middle East, the Caspian Sea countries and the high-demand EU. Turkey has an ambitious plan of becoming a natural gas hub with all its physical and market components.
- **Israeli gas should be an inexpensive and strategic way to further diversify Turkey's source markets and turning Turkey into the gas hub.**

Sources: Deloitte Türkiye "The Energy Sector. A quick tour for the investor", 2013

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ADK Group - Gas Distribution

There is already a demand surplus for the first 8 BCM

KEY
- Letter of intend received
- Verbal agreement

Pipe I: 8 BCM

Kibar Energy
At least 1 BCM

Unit International
1 BCM

- Established in 1974
- UNIT International S.A. develops renewable energy investment projects that include biomass, solar, and wind energy. The company also engages in electricity trading in Turkey, Bulgaria, Romania, and Greece; gas fired power plants construction in Iran; gas and commodity trading; among others.
- The company is headquartered in Brussels (Belgium) with operations ranging from the Middle East to Europe

Akfen
1 BCM

- Established its first company in 1976
- Gained holding status in 1999 and eventually became one of Turkey's top infrastructure investment holdings.
- Since 2007, Akfen Holding has been investing into the renewable hydro power plants through its' 100% controlled subsidiaries.
- Akfen Holding's hydro activities are grouped under three entities: Akfen HES Yatirimlari ve Enerji Uretim A.S. ("HEPP-1"), Akfen Hidroelektrik Santrali Yatirimlari A.S. ("HEPP-2"), and Akfen Enerji Kaynaklari Yatırım ve Tic. A.S. ("HEPP-3")

Palmet
1 BCM

- Operating since 1984,
- Stepped into the energy sector with the natural gas line works initiated throughout Turkey in the 90'ies; and with the establishment of 2001 Energy Market Regulatory Board (EPDK) in 2001, it has formally become one of the first investors of the energy sector, with PALGAZ and PALEN companies which have obtained the Natural Gas Distribution License Tenders of Gebze and Erzurum cities.
- Activities carried out by PALMET ENERGY include: Inner-city natural gas distribution (Gebze and Erzurum); Natural Gas (LNG) import and wholesale sale; Electricity production; Electricity Trade.

BOTAS
All 8 BCM
or majority of it

Pipe II: 8 BCM → ***To Europe (SOCAR)***

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Summary and Next Steps

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5 key reasons why the ADK Group is the ultimate partner for Noble Energy/Delek Group

Winning partnership

- ✓ BOTAS holds about 75% of the Turkish gas market and is therefore an indispensable partner. Any project without BOTAS on board is unlikely to succeed.
- ✓ Kibar is BOTAS' preferred partner.
- ✓ ADK is well respected by the Turkish government.
- ✓ SOCAR –will enable the gas transit to Europe through Turkey via TANAP and therefore significantly increase the distribution strategic opportunities.

Distribution commitment – for at least 8 BCM

Financial capabilities

- ✓ With Kibar as one of the major shareholders, ADK's Management estimates no difficulty in obtaining the required finance.
- ✓ Bringing BOTAS and SOCAR on board either as investors or key business partners would significantly diversify the finance capabilities.

Vast project management experience in oil & gas projects

- ✓ Mr. Comert - is the globally recognized top executive in the Turkish oil and gas sector with extensive network and vast experience leading complex gas projects
- ✓ The Israeli side would enhance the group by bringing a high caliber of oil and gas professionals.

Land plot is already secured

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Next Steps

To discuss with the Client/what should be the desired action items from the next meeting with Delek/Noble

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